

23 JAN 1951

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## GENERAL

1. British concern over arms aid to Yugoslavia--According to US Embassy London, the British Ambassador in Belgrade is "increasingly concerned" that Western defense material ordered by Yugoslavia will probably not begin to arrive until summer and that this delay may significantly affect Yugoslav morale and ability to resist. Although British military authorities consider an attack on Yugoslavia unlikely before September 1951, that is, until the Satellites complete their 1951 recruitment and training program, the British Foreign Office is inclined to believe that Western arms deliveries to Yugoslavia should be assigned a higher priority. The Foreign Office also anticipates that Yugoslavia will make a request for arms on a government level instead of seeking them solely through commercial channels.
2. Australian views on New Guinea issue--The Department of State has transmitted to US Embassy Djakarta a summary of a personal message to the Secretary of State from Australian Prime Minister Menzies expressing Australian concern over the possible transfer of sovereignty over Netherlands New Guinea to Indonesia. Menzies considers that the Indonesians have no real connection with the inhabitants of New Guinea, either in race or culture, and that therefore Indonesian sovereignty over New Guinea would be no more than a conversion from one form of colonialism to another. Menzies says that, on the other hand, New Guinea is vital to Australia, and he suggests that a joint-trusteeship, in which the Netherlands and/or Australia is represented, would perhaps prove to be a solution in the long run. Menzies expressed the hope that the US could meanwhile delay any decision "which might have the

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effect of getting rid of the Dutch'' and giving Australia ''an uncomfortable neighbor in the near north.'' Menzies added that whoever controlled Netherlands New Guinea could, at will, infiltrate Australian New Guinea.

3. Nehru makes poor impression in French visit--US Ambassador Bruce in Paris reports that Indian Prime Minister Nehru made a most unfavorable impression upon anti-Communists, both French and foreign, during his recent Paris visit. Nehru singled out well-known Communists or fellow-travelers for private interviews and was publicly and bitterly critical of French policy in Indochina.

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#### EUROPE

4. FRANCE: Electoral reform issue--US Embassy Paris anticipates that on Premier Pleven's return from his projected visit to Washington, he will be plagued by the problem of an electoral reform law which, in the Embassy's view, is the principal issue dividing the parties of the coalition government. The Embassy warns that the attention being given the issue should not be construed as a sign of French political irresponsibility. The Embassy points out that whereas all non-Communist parties agree on the need for electoral reform in order to reduce Communist strength in the Assembly, disagreement arises from the realization that the orientation of the French Government during the next five years will be fixed in broad outline by the nature of the new electoral law,

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rather than by the elections themselves. The Embassy adds that all the non-Communist parties are holding out for an electoral law which will give them the greatest advantage. According to the Embassy, the controversy must be settled at the government level and probably in the last resort by Plevin himself.

#### FAR EAST

5. Change in Indian Ambassador's view of Chinese Communists--

US Embassy London reports that according to [redacted]

[redacted] the British Foreign Office, Indian Ambassador Panikkar in Peiping is no longer optimistic about future Chinese developments and his reports no longer "put the best possible gloss" on Chinese Communist behavior. [redacted] Panikkar has reluctantly reached the conclusion that the Chinese Communists are "drunk with success" and are becoming quite impossible to deal with. Panikkar is reportedly unhappy over the prospect of future relations between China and the rest of the world, and especially between China and India. The British Foreign Office hazards the guess that on Nehru's return there may be a showdown in the Indian Government over the question of relations with the Chinese Communist regime.

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